



Retirement Investors' Club (RIC)

Payment flexibility is yours when you retire. You may choose to: leave your money invested or request partial lump sum payments ▪ systematic payments ▪ lifetime payments ▪ rollovers...it's up to you.

You may begin spending your Retirement Investors' Club (RIC) money when:

- ◆ you terminate from State employment;
- ◆ you reach 70½ (even if you are working);
- ◆ you qualify for a Financial Hardship Withdrawal, or Cash Out; or
- ◆ you wish to purchase eligible IPERS credits

Your Retirement Investors' Club (RIC) accounts (also referred to as deferred compensation) are administered for your exclusive benefit by the Department of Administrative Services. Distributions will not be made from your RIC account without your authorization. You don't have to take distributions until you actually need the money or turn age 70½ whichever is earlier. Your money continues to defer taxes until you take it out. Once you terminate from State employment, you may stay invested in RIC (until age 70 ½), take total or partial lump sums, take scheduled payments (flexible or lifetime), or roll to an IRA, 401(k) or other eligible plan.

Before your retire, remember that vacation & sick pay may be deferred as well as your regular payroll, up to the 2008 maximum IRS limit of \$15,500 (\$20,500 if age 50 or older and \$31,000 if qualified to use the 3-Year Catch-Up benefit). Contact us at 515-242-6846 or email Robbie Stoecker at robbie.stoecker@iowa.gov if you would like to take advantage of the 3-Year Catch-Up limit.

What are my options when I leave State employment?

Once you terminate from State employment, RIC offers many options* for you to consider.

Stay invested in RIC and...

- ◆ continue to defer taxes
- ◆ remain invested in your selection of funds/fixed rates; change your provider and investments at any time (inactive providers may have restrictions)
- ◆ consolidate other eligible plans into RIC
- ◆ connect to your accounts online

Take a taxable distribution as...

- ◆ a partial or total lump sum payment
- ◆ systematic payments (flexible)
- ◆ lifetime payments (irrevocable)
- ◆ take your required payment at age 70½

Note: Distributions from the 457 accounts have no age limitations. Distributions from 401(a) accounts have a 59 ½ age limitation.

Roll your assets over to...

- ◆ an IRA at any financial institution or a 457, 401(k), 401(a), 403(b), 403(a), or SEP plan
- ◆ purchase pension credits (IPERS)

Note: 457 money rolled to an IRA or other eligible plan loses its "no age limitation" status. Rollovers are a nontaxable transfer of assets.

*If you are invested with AIG VALIC, AXA Equitable, Hartford Life, ING Financial Advisers, or Nationwide, you have the flexibility to choose one or any combination of these options at retirement. If you are with any other provider, contact them directly to find out if restrictions and/or charges apply. Your provider may offer the ability to receive payments by mail or have the payments deposited directly to your checking/savings account.

Please read the Special Tax Notice before completing the provider's Distribution Form. Consult a tax specialist if you have questions about how taxes may impact you.

How do I access my money?

If you are invested with one of the providers listed below, you may request flexible distribution options directly from your provider with no withdrawal fees.

AIG VALIC
888-568-2542

AXA Equitable
877-800-7279 opt 3
515-267-2668 Des Moines

Hartford Life
800-528-9009

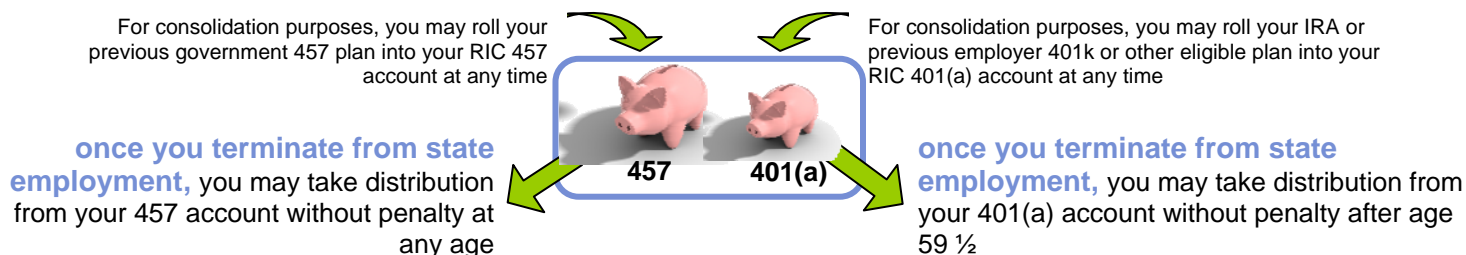
ING Financial Advisers
800-555-1970
515-698-7973 Des Moines

Nationwide
877-677-3678 select opt
1 then select opt 2

If you do not invest with one of the providers listed above, you will need to complete a RIC *Distribution Form* (available through your personnel assistant or at <http://das.hre.iowa.gov/ric/forms.html>). Ask your provider if they have an additional form to complete and if you will be charged for taking your money out.

How do distributions work?

You are not required to take distribution from your accounts when you retire (unless you are age 70 ½ or older). You may leave your assets invested in RIC until you are 70 ½, at which time you must begin taking your required minimum distributions. Please note that you cannot receive payment from your account while employed unless you apply and qualify for a Hardship Withdrawal, Cash Out, or Service Credit Purchase.



Distributions are taxed as ordinary income.

No additional contributions may be made to these accounts once you terminate from State employment.

How do I get money out while I am employed?

Service Credit Purchase - If you qualify, you may request to move money from your RIC 457 account to IPERS while working for the State. This is a non-taxable transfer. To find out if you qualify to purchase IPERS credits (or quarters) contact IPERS toll free at 800-622-3849 (281-0020 in Des Moines) or email them at Info@ipers.org. If you would like to use your RIC 457 money to make a service credit purchase, please complete the Retirement Investors' Club Service Credit Purchase Rollover Form and return it to us along with the IPERS Rollover/Direct Transfer Form (provided by IPERS).

Hardship withdrawal – You must provide proof of financial hardship based on an unforeseeable emergency. Strict federal guidelines determine whether or not your request will be approved.

Cash Out - only available to participants who have less than \$5,000 in their account and have not contributed to the Retirement Investors' Club in the previous 24 months.

Tax notice information

If you are age 70½ or older and have terminated from State employment, you must take your required minimum distribution no later than April 1 of the year following the year you turn 70½ or retire. If you do not begin payments on time, you may be subject to an IRS 50% penalty on the required withdrawal amount.

Your RIC 457 account does not have any surrender charges or age limitations for withdrawals*. Your RIC 401(a) employer match account does not have surrender charges but an IRS 10% penalty may apply if you take a withdrawal prior to age 59½. Withdrawals are reported on an IRS 1099-R form.

*If you are invested with any provider other than AIG VALIC, AXA Equitable, Hartford Life, ING Financial Advisers, or Nationwide, withdrawal penalties may apply.

Before you start to withdraw

- ♦ Compare the costs or restrictions of a new investment (such as IRA investments) with your current investment; you don't want to end up paying more just to have an IRA
- ♦ Review your investment mix to be sure that you are invested properly for your retirement needs
- ♦ Read the Special Tax Notice attached to your distribution request form to know how different distribution options may affect you. Consult a tax advisor if you have questions.
- ♦ Check for surrender charges on any accounts established prior to 2001 before making withdrawals or transfers.
- ♦ Review additional information about RIC including provider and fund fee comparisons, and links to the active provider websites at www.das.hre.iowa.gov/ric.html or contact Robbie Stoecker at robbie.stoecker@iowa.gov 515-242-6846 if you still have questions.